Eric Van Enk is a small business adviser & associate portfolio manager with National Bank Financial in Medicine Hat. He is a graduate of the University of Calgary, as well as a CFP charter holder with 20 years of financial market experience in New York, Toronto and Calgary. Eric can be reached at eric.vanenk@nbc.ca

Market Watch

Are credit card delinquency rates a harbinger of economic weakness?

This week’s chart depicts data on U.S. credit card delinquency rates as of June 30th. You will notice a return to pre-pandemic delinquency rates for U.S. consumers overall, however, consumers in those states are experiencing the highest delinquency rates since 2011.

Additionally, this age group also led the trend of higher interest rates since Q3 2000. Given we’re currently experiencing the highest interest rates since Q1 2001, and mortgage rates are the highest since Q3 2008. As these recently articles, monetary policy works to slowly lift the economy. Interestingly, this age group most restrictive levels since the 1990s. We continue to see a significant probability of a recession in the U.S.

Eric Van Enk is currently analyzing the 2021-2022, we expect central banks to raise the Bank of Canada lowers interest rates. Although being completely ended by inflation in 2021-2022, we expect central banks to raise the Bank of Canada and the U.S. Federal Reserve to work together to avoid deflation in their respective economies. This scenario bias could lead central banks to leave rates too high for too long to avoid a hard landing for the economy. When we examine the historical length of restrictive interest rate cycles, we see that our current experience isn’t unprecedented.

The monthly inflation rate has now been in restrictive levels for the past 14 months. Leading into the Global Financial Crisis of 2008, interest rates were restrictive for 25 months and the initial rate cut didn’t occur until 22 months after the Federal Reserve increased rates.

If we use the 2005-2006 experience to attempt to predict the current interest rate cycle in the U.S., we would expect to see interest rates remain restrictive (above 5%) until the fall of 2024 and an additional rate cut to occur next spring.

Defective Streetlights

If you reside in the City of Medicine Hat, Redcliff or Dunmore and you notice a streetlight that is not operating properly, please notify Electric Utility.

medicinemat.ca/reportproblem

403-529-8262

706 ROSS GREEN ROES SE
Lot 3, Block 1, Plan 1911(10)
PLDP20230667. Home Business Minor.

PILOTS SE PERMITS

The Compassionate Friends of Medicine Hat is an international, non-profit support group whose goal is to provide sensitive, confidential and non-judgmental support to parents and other family members who have experienced the death of their child 18 years of age or younger. For more information, please visit www.CompassionateFriends.org.

SUNDAY, DECEMBER 10TH, 7:00p.m. at Holy Family Catholic Church

3rd Floor, City Hall on the City’s website at www.medicinehat.ca.

#41428339/12/02/2023

For more information, refer to www.medicinehat.ca/home/business/telephone directory.